



South Florida Water Management District

Governing Board Audit and Finance Committee MEETING MINUTES

August 13, 2008

10:00 AM

District Headquarters - Storch Room
3301 Gun Club Road
West Palm Beach, FL 33406

Members Present:

Eric Buermann

Charles Dauray

Members Absent:

Michael Collins

Paul C. Huck Jr.

1. Call Meeting to Order - Charles Dauray, Chair

Chair Dauray called the meeting to order at 10:00 am. Governing Board member Patrick Rooney was in attendance.

2. Approval of Minutes

Approval of the minutes for the April 9, 2008, meeting held in West Palm Beach

This item was postponed.

3. Changes to Agenda - Annette Carter, Director, Office of Governing Board & Executive Services

Annette Carter, Director, Office of Governing Board & Executive Services read into the record the agenda addendum:

The Chair, as the person designated to presided at this meeting, has determined that the changes are required in order to facilitate the conduct of this meeting sufficiently and to provide as much information as possible to the Committee.

4. Financing Timeline Update for "River of Grass" Acquisition - Paul E. Dumars, Sr., Chief Financial Officer (ext. 6212)

Paul Dumars, Chief Financial Officer, presented information on the financial milestones for the River of Grass Acquisition.

- a) A review of the various phases and overall financing strategy associated with the proposed funding plan;
- b) A review of the required financial documents that will be required to be prepared prior to closing,
- c) A review of the timeline for upcoming rating agency and bond insurer presentations, and
- d) The process of marketing and selling the proposed Certificates of Participation that will be issued to finance the acquisition.

Ms. Wehle reported on the process of negotiations for the River of Grass Acquisition.

Mr. Frank Bartolone, Sr. Specialist Attorney, reported on taxable debt vs. non-taxable debt.

5. Debt Policy Modification Discussion - Paul E. Dumars, Sr., Chief Financial Officer (ext. 6212)

Paul Dumars then discussed potential modifications to the Districts existing debt policy. The existing debt policy was distributed and Mr. Dumars highlighted a series of proposed amendments which would then be brought before the Committee at a future meeting. Proposed future amendments include:

- a) Modifying the Districts existing debt service benchmarks;
- b) Adding language to more clearly reflect the Districts ability to issue taxable as well as tax exempt debt; and,
- c) Providing additional flexibility to include interest rate hedging products which can be used to reduce debt service payments and provide additional options in structuring the proposed financing.

6. Third Quarter Investment Update - Stephen Freilich, Treasurer (ext. 6819)

Stephen Freilich, Treasurer, presented preliminary information on the Third Quarter Investment Update.

Lucie Weinberg, Assistant Treasurer, provided the Committee with a year-to-date update on the Districts investment portfolio. Ms. Weinberg provided the Committee with:

- a) An overall summary of the portfolios performance,
- b) An overview of the current investment environment,
- c) Current investment highlights, and
- d) A comparison of the Districts investment yields to investment benchmarks.

7. Self-Insurance Fund Reserve Policy - Aaron Basinger, Director, Finance & Administration (ext. 6660)

Aaron Basinger, Director, Finance & Administration, presented the Committee with a new reserve policy associated with the Districts Self-Insurance Fund. The establishment of a new policy -- which is on the August Governing Board consent agenda for approval -- was recommended by the Districts external auditors and allows the District to maintain a reserve within the Districts Self-Insurance Fund to meet the funding needs of unanticipated or extraordinary general liability, workers compensation, or automobile liability claims. The Committee supported the new policy for approval on the Governing Board consent agenda.

8. Public Comment

There was no public comment.

9. Business Valuation Services for U.S. Sugar Acquisition - Tom Olliff, Assistant Executive Director and Tim Beirnes, Director of Auditing

Mr. Olliff provided preliminary information on the outside auditors reviewing the financials of the agency for the U.S. Sugar Acquisition.

Tim Beirnes, Director of Auditing, provided the Committee with an overview of a statement of work for due diligence and business valuation services associated with the U.S. Sugar Acquisition.

Mr. Beirnes also proposed engaging the Districts CPA firm, Sharpton Brunson & Company, to perform such services.

Mr. Sharpton then spoke of the firms extensive experience performing such services.

Specifically, the proposed services will include developing a due diligence process to ensure accountability, transparency, justification for the proposed acquisition price, and that citizens receive fair value for their resources.

The Committee members supported amending Sharpton Brunson & Companys existing contract in the amount of \$125,000 to provide due diligence and valuation services for the pending U.S. Sugar acquisition.

Chair Dauray adjourned the meeting 11:05 am.

Charles Dauray
Chairman
Audit and Finance Committee

Recorded By:

Cathy Widness
Administrative Assistant Senior
Governing Board and Executive Services
SFWMD